UNITED
NATIONS

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Economic and Social Council

Distr.
LIMITED

E/CN.17/1997/L.10
21 April 1997

ORIGINAL: ENGLISH

COMMISSION ON SUSTAINABLE DEVELOPMENT
Fifth session
8-25 April 1997
Agenda item 4

# PREPARATIONS FOR THE SPECIAL SESSION OF THE GENERAL ASSEMBLY FOR THE PURPOSE OF AN OVERALL REVIEW AND APPRAISAL OF THE IMPLEMENTATION OF AGENDA 21

## DIALOGUE SESSIONS WITH MAJOR GROUPS

## Summary report of the dialogue session with business and industry (18 April 1997)

Chairman: Ambassador John Ashe (Antigua and Barbuda), Vice-Chairman, Commission on Sustainable Development

Facilitators: Mrs. Maria Cattaui, International Chamber of Commerce, and Mr. Bjorn Stigson, World Business Council for Sustainable Development

Presenters: Representatives of the following organizations and corporations made presentations: Xerox Corporation; ICI; EnviroServe; Scudder, Stevens and Clark; Tokyo Electric Power Company; British Petroleum Company; Aracruz Celulose; International Chamber of Commerce; World Business Council for Sustainable Development (WBCSD); Dow Chemical; Grupo IMSA.

## PRESENTATIONS

Business has made progress towards sustainable development (examples were presented from the following reports: "Signals of Change" by WBCSD and "Implementation of the ICC Business Charter for Sustainable Development" by ICC). In the late 1970s and early 1980s, companies focused on pollution cleanup and end-of-pipe measures. Today, many of the world's leading companies have

adopted more integrated efforts. These involve a sys ems a proach to environ ent l ma agement, partnerships wit government and s ak holders and corporate respo sibility throughout the pr duct life-cyc e. However, business and i dustry are still in the early stage of their "gre n" revoluti n, and they hav yet to enga e many sma l and medium- ized ente prises (SME ), especially those in developing count es.

ctivities

The busi ess commu ity ha initiated several projects a d progra e to pr mote sustainable development. Some example of these "signals of chan e" w re presented by th panel, inc uding:

- The Intern ti nal Chamber of Commerce (ICC) developed and launche t e Busi ess Charter for Susta nable Deve opment shortly bef re the Ri Confer nce. Since then, over 2,500 companies worldwide have adopt d the 16 princip es of th B siness Charter and co tinue to impro e he r environmental p licy and practice.

- ICC has promot d eco-labellin , wast management, biodiv rsi y n climate-change-related pol ci s. ICC has also developed an nv onme tal manageme t kit for companies.

  Xerox Corporation has im lemented eco-e fici nc and environmental leadership programme . Th ough partnerships with government and stakeholders, X rox Corporation aims at achieving was e elimination, product stew rdship, safe products, ze o employee i uries and worldwide co pliance with regulations. Specific efforts inclu e programmes for print and ton r cartridge etu n and waste-free factories.

- ICI has instituted a comprehe sive Safety, Health and Environme tal M nage ent System. This ystem tilizes tools to promote sustainable practices. These inclu e standar s, guidelines local p ocedures auditing, le ters of assura ce, and performance and policy reviews.

  Many comp ies are im le.en ing syste.s for indep den verificatio and perform nce reviews. The Eco Managemen a Audit Scheme (EMA ) is a example of such a pr gr e.

- The c emical ind stry has implemented a "Responsible Care" progra e t at involves environm ntal and social reporting, business charters a d princ ples, and e iron ental manageme t systems standards.

- Thirty-six industries and 137 busines associations in Japan have dev loped Indu try-oriented E v ronmental Action Plans.

  Scudder, Stev ns and Cl rk serves as an inve ment manager for the Sto ebrand, Scudder Environmental Value Fun . The two ob ectives of this fund are (i) to provide comp titive returns against the Morgan t nley World Index and (ii to demonstra e th t superior inves ment returns can be arned by use o environmental analytical dis iplines.

Companies included in the o tfolio are judged agains a series of environmental criteria

- B as deve op d a clear statement of saf ty, heal h, nvironmen al and lon.-term goals. Target and management processes are in place to facilitate the re lization of goals.

- Aracruz elulose commissione the International Institute for nvironmen and Development IIED) to cond ct a st dy on the paper cycle. The study covers all aspects of the sustainable paper cycle and makes conclusions re arding related governme t regulations, eco-lab lling and incin ration.

- En iro erve highlig t d the importance of SMEs in the economi development of countrie such as outh Afric while pinpointi g the difficultie faced in imp o ing their environmental pe formance.

Obstacles

Business and i dust y fa e several obstacles to furth ring sustaina le developme t. These obstacles include difficulties in engaging SMEs and olicies that pro o e unsu tainable practic s. M re specific problems are outline b low:

- Al hough many le d'ng companies have ad pte sust inable development princi le , any MEs la k the resources necessary to follo suit.

- ax s an ubsidies ften promote unsustaina le behaviour.

- Unnecessary regul tions can h'n er the efforts of bus'ness s to promote sustainable dev lopment.

- Some Govern ents and culture iscourage stake older and outreach initiatives on the part of industry.

- Econo ic, s cial and legal ramewor s ften un count r to sustainab'lity.

Priorities

The business community identified several priority areas. These include:

- S stainability requires a long-term view.

- Mutual trust among all stakeholders is essential for sustainable development. This requires transparency and commitments involving principles, report and review, and verification.

- Sustainable development requires cooperation involving all sectors.

- Al business and industry, not just large multinationals, must adopt sustainable development principles.

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- Government must provide the necessary framework for businesses to meet the needs of society and protect the environment. In particular, Governments should provide incentives for sustainability and remove disincentives.

- The developing countries should avoid the past mistakes of the industrialized countries

- Business practices should involve eco-efficiency, life-cycle management, appropriate consumer information environmental accounting and environmental benchmarks.

## DIALOGUE

Representatives of the following Governments participated in the discussion: Belgium, China, France, Marshall Islands, Netherlands, Norway, Peru, Republic of Korea, South Africa, Sweden, United States of America.

Other dialogue participants included representatives of the Central and Eastern European Network, Friends of the Earth International, Tools for Transition and the United Nations Environment Programme (UNEP)

One representative asked about instances of efforts by companies to forestall action on climate change. In particular, he suggested that in acting to protect their short-term profits, the companies were challenging scientific findings regarding global warming. A panelist responded that many business community members want to be involved in the climate change debate and favoured long-term, global solutions. Another panelist recognized the need to change lifestyles, de-couple energy and economic development and adopt alternative energy sources.

One representative noted the difficulty in reconciling industry's preference for voluntary initiatives with the need to have consistency in government policies and environmental standards. He also acknowledged the importance of enabling small and medium-sized businesses (especially those in developing countries) to meet international standards (Belgium). A panelist suggested that big businesses should assist small businesses in adhering to internationally harmonized standards rather than negotiating lower standards for developing countries.

Other comments by government representatives called attention to local participation (United States) and consumer awareness (Peru). One government representative noted that businesses can play an important role in raising environmental consciousness among consumers (Peru). In response, the representative of Xerox Corporation described a communication programme in his company that provided information to salespeople and consumers.

One government representative noted that SME practices were often very harmful to the environment (China). A panelist responded that big businesses needed to support SMEs in their efforts to promote sustainable development.

A non-governmental organization pointed out that environmental degradation resulting from increased volume of production was negating gains in efficiency (Friends of the Earth International). A panelist responded that development, as well as sustainability was necessary and that economic growth meant increased volume of production.

Other government representatives addressed a wide range of topics in their statements. One representative suggested that WBCSD could assist in developing eco-efficiency targets (Netherlands). Another representative noted the complexity of the issues at hand and called for different transparent forums and organizational structures to address those challenges globally and across different scales (South Africa). Another representative raised the issue of technology transfer; he acknowledged the trend towards business-to-business transfer as well as the role that Governments played in providing incentives for such activities (France). A panelist responded by noting the increased flow of technology to developing countries. Another representative suggested that lease-based programmes were often more environmentally sound than other sales approaches.

## CHALLENGES AND RECOMMENDATIONS TO THE COMMISSION ON SUSTAINABLE DEVELOPMENT

The Commission on Sustainable Development should give close attention to all three aspects of sustainable development - economic growth, social development and environmental protection. It should base its agenda on sound science and careful assessment of risks and economic costs. It should focus in its next phase of work on those issues for which no clear focal point for policy discussion and recommendations has been established in the United Nations system. The business world welcomes a continued systematic dialogue involving major groups, but it is essential that Governments participate actively in this process. Governments should promote sustainable development by:

- Capitalizing on the ability of business and industry to change and adapt quickly.

- Allowing business to chose between a minimum regulatory system or one that permits flexibility of approach in return for higher performance targets.

- Helping to motivate and introduce voluntary systems that encourage responsibility for products throughout their life cycles.

- Examining whether taxes and subsidies promote unsustainable behaviour and changing policies accordingly.

- Moving from income- to consumption-based taxes over a sufficiently long period of time.

- Gradually getting prices right so that products reflect their full environmental costs.

- Re-examining the conventional measure of gross domestic product (GDP) and considering supplementing it with a net-GDP measure that reflects resource depletion.

- Promoting stakeholder outreach and involvement regarding the business role in promoting sustainable development.